Previous References. . .

Serial 251-43.
1—6.

1943
(Serial)

File No. 251-43.

Serial Nos. 7510, 13, 16.

Later References.

GENERAL AND REVENUE SECRETARIAT

Serial Nos.

P70
E

Part B for May 1946.

SUBJECT

Payment of Bonus to Private Filatures in the State

31/1/47.

Payment of Bonus to filatures

1204
3505

Routine Notes.

WD 07111—GPB—50,000—29-7-44

[To be used only for notes, requisitions, etc., not intended for permanent record.]

As directed by the Asst Secy
a draft is sent for Consideration
in the matter of regulation of
payment of bonus to filatures
(35 S/S. 2) D/F letter dated
for Consideration

Addl Secy) 7/5/45
3) /Secy 7/5/45

D7418 Dated 8.5.45 7/5
To,
The Spl. officer. S.725.

Requested him to furnish a report
Re: distribution of Surplus to the
filatures.

Letter No. E.746 dated the 2nd
from the S.O. J.C.S. stating
the amount of bonus paid
filatures for silk supplied for
1944 to 31st Dec. 1944 & regarding
the payment of bonus to M/s S. Mills Ltd.
The S.O. further states that
M/s S. S. Mills Ltd changed date
the 3rd dividend of 10% and
bonus of 5% to shareholders a
than. He points out that
bonus from surplus was
paid to M/s S. Mills Ltd long
before the receipt of G.O.

Payment of bonus to filatures

F. 74.]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent rec

which stipulates a condition re: non-payment of bonus to such of the filatures as declare more than 12½% dividend to shareholders.

5) The question for decision is: M/s The M.S.S.M. Ltd. have declared two kinds of benefits - one a dividend called of 10%. and the other a bonus called of 5% which together come to 15%, thereby infringing the direction of the S.O. dated the 5th April 45.

6) Though the bonus amount, viz. Rs 1,51,345-8-0 has been paid, the excess amount whatever it be, may be deducted by short-payment in future adjustments.

7) The S.O. mentions that the audited balance sheets of the M/s S.S. Silk Filatures, Ltd. & M/s P.S.'s too have not been recd. & state that he has authorised payments of bonus subject to these Companies subject to the condition laid down in the S.O. referred to above & approval of his acts. ~~Action~~

8) For orders.

8/7/45 The 9) The distribution of bonus to the filatures should have been made in accordance with the S.O. dated 5.4.1945. It is not clear why The Special officer has authorised payments to the filatures slightly

N.B.— Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

at variance with the terms of the G.O.

(10) In the case of the Spun Silk Mills Malines bonus has been paid though they have declared a dividend of 10% plus a bonus of 5%. Literally the dividend is less than 12½% stipulated in the G.O. but it has to be taken that the bonus of 5% is also equivalent to the dividend. In this sense no ~~bonus~~ share ~~per cent~~ of the surplus becomes payable. ~~The S.O. wrongly approved for keeping~~ The fact that the bonus & dividend were declared long before the issue of the G.O. does not seem to alter the position. A sum of Rs 1,51,345-8-0 for the period from 1.6.44 to 31.12.44 has been paid. The action taken by the S.O. is for orders.

(11) In the case of the Mysore Silk Malines Ltd & the Vellore Parachute Silk Co, the S.O. says that their audited balance sheet have not been received. All the same he has authorised payment of bonus amounting to Rs. 3,38,036-0-0 to the Mys Silk Mls. Ltd & Rs 72,329-8-0 to the V.P.S. Co Ltd. This should have been done after knowing what bonus or dividend was declared by these companies. The action taken by the S.O. is for orders.

(12) In the case of the Govt Malines, Kankanhalli the S.O. proposes that no bonus

ed be paid.. Whereas it is explainable at the losses on account of variations in works need not be reimbursed in respect this Filatures, it does not appear reasonable ~~That~~ the share of the surplus should not be paid to the Filatures & ~~that~~ That the benefit of th share should be given to the private filatures. Bonus (or share of the surplus) may be given to This Filature also in respect of the supplies of silk made by it.

13) From certain information received informally it looks as though the Govt of Maharashtra do not want further supplies of silk for parachute purposes & the question of terminating the contract earlier than the stipulated time viz June 1946 may have to be examined. In the circumstances the S.O might have considered the advisability of adjusting the bonus due to the filatures towards the loans taken by them for capital works & working advance. A portion of the loan could have been recovered This way. The S.O may be asked to examine This aspect also & take necessary action.

14) Fin Secy may be consulted.

1368

15) The Special officer, has in this case, acted contrary to instructions of Govt.

16) 1) His authorising payment of Bonus to the Mysore Spun Silk Mills Ltd Channapatna was not in order. If he had any doubts about it, he could have obtained previous approval of Govt. This amount requires to be refunded.

17) 2) Similarly, the payment of bonus to the Mysore Silk filatures Ltd & U.P.S. Co., even though the dividend as declared by them, was without any justification.

18) 3) It is not clear why the bonus due to the filatures was not adjusted towards loan working advance or Capital Works. The S.O. was responsible for the recovery of these heavy advances made to Govt.

19) 4) It appears only fair that the Mysore Kanchalee filatures should be allowed to get a share of the surplus. I don't see why the private filatures alone

WD 0726—GPB—25,000—15-9-44

C. F. 69]

Continuation Sheet. File No. / Current No.

should get this special benefit.

Doms
30/5/45

) Minister - I & C S)
through FCSec

JUN 5 1945
No. 8361

FINANCIAL SECRETARY'S OFFICE
U.O.No. FI 6567
31 MAY 1945
FARIDABAD

1) The action of the special officer is absolutely unauthorised & he had no business to make these payments before sanction was obtained. He should be strongly reprimanded at once

B
2/6

2) Min Fres
Dewan

3) The Financial Secretary's point would have lost none of its force if his note had been more temperately worded.

4) The payment of the bonus due to the Filatures has been made in pursuance of Government's decision to admit them to a share of the reelers' surplus. I do not think it has been made a day too soon.

5) The declaration of 10 per cent dividend, with 5 per cent bonus, by the Spun Silk Mills was made months before the restriction to 12½ per cent was imposed. The Law Secretary, whom I consulted, has pointed out (vide his note in the file) --and I am inclined to agree with him-- that the distinction between dividend and bonus is not very material to the point,

which is, whether the Company did or did not do so well as to give its share-holders a return of over 12½ per cent. But the important fact to remember is that the Filature is different from the Mill proper. The accounts of the two concerns are separately kept. The profits from the Spun Silk Mills have been good but the Filature, to which the concession and the conditions are rightly applicable, has not fared so well. The Filature worked at a loss in the first year of its contract and the profit it has since made has not, as far as I know, exceeded 10 per cent, even with the bonus payment. There is nothing wrong, therefore, in the payment to the proprietors of the Filature, of the bonus due to them.

9.( ) None of the other filatures has, I believe, declared a higher dividend than 12½ per cent. — The Vellum Parachute Co., are complaining of loss. The Balance Sheets for the year 1944 are not yet available and the dividend for that year has not been declared. The Special Officer has made it clear that the payment of bonus to these filatures has been made subject to the limitation as to dividend. The concerns are not likely to lose their title to bonus by exceeding the prescribed limit. In the extremely unlikely event of their making such good profits and declaring a higher dividend than prescribed, the payment already made could be readily adjusted from further payments that are due to them.

10.( ) No bonus need be paid to the Government Filature at Kankanhalli, nor should the bonus calculated as payable

to this Filature be added on and distributed to the private filatures.

8361

9/6

DEW... OFFICE
11 JUN. 1945
No. 746

1) The comptroller may be asked to report after examination (a) whether the amount of bonus payable to the three companies has been correctly calculated according to the Govt orders and (b) what was the percentage profit of the Mysore Spun Silk Mills from the working of the filature, as distinguished from the manufacture of spun silk. The special officer was not justified in making such large payments. When there was room for doubt as to whether the requisite conditions had been fulfilled it was his plain duty to have reported the matter to Govt for decision. I wonder if he has shown similar promptitude in paying bonuses due to reelers. What is the progress made so far in this respect?

2) In future, payments should not be made by the S. O except on prescribed bills

31) As ordered in para 30 ante two drafts - one to Comptroller the other to S.O. are Subd for Consideration

(35 26/6.

No. E 806 dated the 18.5.1945 from requesting approval to the action taken by him in respect of payment of bonus to filatures

32) Subd for perusal. Whether the Observations of the Diwan re the action of the S.O Local to be communicated if so orders

33) Draft letter to Comptroller

34) & putup off letter to S.O. conveying the observations of the Govt

29/6/45

Issued Vide D. 1188 dt 5.7.45 to the Comptroller to Govt requesting to furnish a report re: amount of bonus payable to the 3 Companies have been correctly calculated according to Go. No. D 6657-8 Leri 251-43-45 dt 5.4.45 and the percentage of profits of M/s M.S.S.M. Ltd made from the working of filatures as distinguished from the manufacture of Spun Silk.

35) Draft to S.O. Subd as per orders at para 34.

No. E 1012/2006 dated 28th June 45 from the S.O. enclosing the balance sheets of M/s. V P S Iyer & M/s. The Mysore Silk Filatures Ltd.

36) Subd for perusal.

37) M/s: Tellum & [illegible]

Payment of bonus to filatures

C. F. 69]

Continuation Sheet. Sri File No. / Current No. 251 of 43

have sustained loses; whereas the Mysore Silk Filatures Ltd. have made profits. The latter Company have not yet declared any ~~divi~~ the rate of dividend, but it is presumed that it will be definitely less than 12½%.

38/ The Comptroller's report may be awaited in this matter.

39/ Draft letter to S.O. ordered for approval.

Addl Secy 6/7/45

40/ Issue

7.7 xxx

D 235. Dated 9.7.45

The S.O.S. 925.

Requests him to forward a progress Report re: Payment of bonus amt due to Reelers and Reelers.

Letter No. S.D.S. 46/45-46 dated 23.7.45 from The Silk Controller submitting progress Report re: payment of bonus and amt due to Reelers and Reelers etc

41/ Submitted for perusal.

(Sd) F.B.M. 25/7/45

Sd) L.S. 1/8/45

Sd) F.B.M. 2/8

Ts 2/8.

Payment of Bonus to the Filatures

Continuation Sheet. File No. Seri Current No. 251 of 43. Page 652 1468 41

42/ To the Comptroller
D.O Remind is put up for approval
Fn8 43/ The overseer's signature
3/8. 8/8/45

D 983. D 10.8.45
'R'

From the Comptroller
Lr. No. P6/B.i.1 d 29/8/45
by his report re: the method of calculation etc of bonus paid to private factories.
44/ Submitted for perusal and orders.
Ref. Minute of Dewan at Para 29 Supra
9/8 45/ It is seen from the Comptroller's report that the payments of bonus have already been made by the Spl officer.

46 The profit earned by the M/s Silk Mills. Ltd. works out to about 22.4% of capital investment & they have declared a dividend of 12½%. only, limiting it obviously, to what mentioned in the G.O. sanctg the bonus to them. It may be ascertained as to how the amount of profit has been utilised.

47 The profit earned by the M.S.S. Factory is only Rs. 7,241-13-0 in the filature section. The dividend declared is based on the profits earned in the spun silk section

Payment of Comm. in mains

File No.

Continuation Sheet. Current No. 7276 of Page

incurred a

on facts ascertained from the Fuel Branch of the Silk Controller's office.

the Vellum Parachute Silk Co have less.

The Comptroller's report is based

Srlcd for orders.

Addl Secy To 7.9.45

ADDITIONAL SECRETARY No. Date GOVERNMENT OF MYSORE

50 Power was not taken Comptroller asked to go into the matter fully & to say whether payment of Rs has been unauthorised in any

Rs 8/9/

To 8/9

ADDITIONAL SECRETARY No. Date GOVERNMENT OF MYSORE

51 The Comptroller was requested to make a detailed examination & furnish a report. Reference is invited to orders at para 29 & our letter dt 5.7.45 to the Comptroller.

Addl Secy To 8/9/45

52 Please ask Fuel Res may be done even now

Rs 11/9/

Serial No.

Returned with compliments.

53 According to the instructions of Government c conveyed in letter No.D 118 Seri 251-43-9 dated 5/7/1945 from the Additional Secretary to Government, a report had to be sent after examination (a) whether the amount of bonus payable to the three companies were correctly calculated according to the Government Order of 5-4-1945 (b) what was the percentage of profit made by the Mysore Spun Silk Mills, Limited, from the working of the Filature ection, as distinguished from the manufacture of Spun Silk.

54 The report submitted to Government by this office in letter No.86/B1 dated 29-8-1945 was made from the data available in the Financial Branch of the Silk Controller's Office (working under the supervision of a Senior Assistant Comptroller) and from an examination of the published accounts of the Companies for the period by the Assistant Comptroller, Bangalore Local Audit Circle, who is a separate officer and who was specially asked to do this work. A detailed Local Examination of the initial accounts at the offices of the Companies was not taken up, as the accounts of the Companies are subject to Audit by the Public Accountants and Auditors appointed by them, and the Balance Sheets and Profit & Loss Accounts have been published after being certified by them. If, however, it is the intention of Government that the initial accounts of the Companies should be got further examined locally by this office with respect to the correctness of the Profits arrived at and the

No.

allocation of profits and capital, between the Filature Section and the Spun Silk Manufacture in the case of the Spun Silk Mills, Limited, necessary arrangements will be made for the same on receipt of definite orders of Government to that effect.

55) With regard to the calculation of the amount of bonus payable to these Companies, as already reported in my letter referred to above, the sum has been verified in preaudit by the Financial Branch of the Silk Controller's Office. The payments already made by the Special Officer to these Companies in respect of the value of silk supplied by them from 1st June to December 1944 is based merely on the fact that the year's dividend distributed by them to the share-holders has been limited to 12½% in every case, as laid down by Government in their order dated 5th April 1945.

56) In the case of the Mysore Silk Filatures, the payment of 12½% dividend has been declared at the General Body Meeting held on 15th June 1945, that is long after the issue of the Government Order, fixing the limit of 12½%. It may perhaps be surmised that the Company has proposed to avail of the benefit of bonus offered by Government by satisfying the only condition of restricting the payment of dividend to the share-holders to the limit, as fixed in the Government Order of 5th April 1945. The profits earned and the Dividends declared during the three years (according to Published Accounts), are noted below for facility of comparison.

Calendar year	Serial No.	Net Profits	Dividend Declared	Income tax	General Reserve	Carried Forward
			APPROPRIATIONS.			
1942		Rs. 1,91,960 as. 12	0 15% plus 4 as. per share on old series.	56,000	50,000	Rs. 17,789 as. 0 ps. 4
1943		1,70,502 11	11 12½% (absorbing one lakh).	66,338/13 -	12,375/- (bonus to staff)	9,577 15 3
1944		1,75,381 12	8 12½% (i.e. Rs. 1,00,000).	* 55530-2-5	25,000 (Dividend Equilisation Fund)	6,687 1 11
(Rs.1,79,131-12-8 being the Profit reported according to Provisional Accounts)						

* The net Profit has been arrived at after charging off Rs.1,70,000 on account of income-tax.

57 The figures show that even after providing the large sum of Rs.1,70,000 on account of incometax, the results for 1944 is maintained at nearly the same level as in previous years,-in other words, the profi for the year show a further improvement to the extent of Rs.1,70,000. The creation of a general reserve, or the declaring of a 12½% dividend are not however, a new feature of the year, though with the further addition to the general reserve, the general reserve is brought up to the tune of Rs.3 lakhs. Th creation of a dividend equilisation fund of Rs.25,000 is a new feature for the year, and will no doubt be available for further distribution to the shareholder along with the future profits. It can, therefore, be said from all accounts that the results of working of the Company had in no way detiriorated, as compared with the previous years, and the Company would probably have declared a higher percentage of

dividend

Serial No.

dividend, as can be inferred from the letter dated 11/5/1945 of the Managing Agents to the Special Officer, stating that 'we note that we should not declare a dividend of more than 12 %, and that the bonus paid to us has been given on the said condi-tion'.

5) The payment of bonus of Rs.3,38,036 now made will be available to the Company for disbursement as they think fit during 1945.

5-A) In respect of the Spun Silk Mills, it is seen that the payment of a dividend of 10% and a bonus of 5% has been declared to be paid at the General Body Meeting, held on 20th March 1945-(that is, before the date of issue of the Government Order of 5-4-1945). Comparative figures for the 3 years (according to published accounts) are furnished below for kind information.

calendar year	net profit	Dividend declared.	Incometax Rs.	General Reserve	Carried forward
1942	Rs.2,21,242-2-3	7½%	47,000	16,000	2,432 0 0
1943	6,31,208-11-3	10% plus Bonus 2½%	1,75,782/4	1,82,616/8 1,50,000 (special)	8,005 2 9
1944	6,44,968-8-3	10% plus Bonus 5%	3,27,759	1,00,000/- 75,000/- (special)	245 11 0

6) The payments of bonus by Government was not obviously anticipated in the case of this Company. It is seen from the comparitive figures furnished

furnished that the Company has maintained a high level of profit as a whole, though the Company contends that the profits earned is mainly from the manufacture of Spun Silk. Though the portion of net profits made available to the shareholders as dividend amounted to 10%, the total percentage return as dividend and bonus works up to 15%. So, in a broad sense, it can be held that the benefit accrued to the shareholders is more than 12½%, and as such the payment of bonus by Government may not be strictly admissible to them unless it is conceded that the working of the Filature Section is to be seperately considered for this purpose, as contended by the Company. With regard to the percentage of profit earned by the working of the Filature alone, as distinguished from the manufacture of Spun Silk, it is seen (as already stated in his office letter dated 29/8/1945) that the net profits as allocated by the Company between the two sections in their accounts for 1944, and as passed by their Auditors are as follows:

	Gross profit on trading	Net profit carried over to Balance sheet
Spun Silk portion	Rs.7,83,420 11 11	6,37,726 11 3
Filature portion	58,822 4 6	7,241 13 0

6. The allocation of their total capital as between the two sections is not available from any of the published accounts of the Company to verify the percentage of profit, derived by the working of the Filature Section only. But it is to be seen from the statement of accounts separately furnished by the Manager of the Mills for the information of the

he Silk Controller that their capital investment
n their Filature Section stood as on 30/6/1944 at
s.3,77,456-15-0 and as on 30/9/1944 it stood at
s.4,65,672-2-11. These statements of accounts
lso appear to have been examined by their Incorpo-
ated Accountant and Auditor, and found to be correct.
he figures at end of 31/12/1944 were not, however,
vailable.

(2) It is seen that the Filature Section with a
omparatively large capital (namely Rs.4,65,672-2-11
t end of 9/44) has earned a low margin of profit
Rs.7,241-13-0 while the other Company, namely,
ilk Filatures, Ltd is yielding a high margin of profit
amely, 21.92% on capital. The basis adopted for
he allocation of the charges between the two
ections of the Spun Silk Mills was not ascertainable
o explain the low margin of profit in the case of
he Filature Section. If the payment of bonus
f Rs.1,51,345/8 is intended for the Filature Section
s the Company contends, the total profit of the
ection with this recoupment works out to (Rs.
.7,241-13-0 plus 1,51,345-8-0) Rs.1,58,587-5-0.

(3) The Vellum Paracnute Silk Company, Limited,
as worked at a loss of Rs.1,01,362-7-4 (without
roviding for depreciation), according to the
alance Sheet certified by their Auditors. The
ayment of bonus of Rs.72,329-8-0 now made is to
ecoup a major portion of this loss.

(4) As regards the question whether the payment
f bonus has been unauthorised in any case, it is
een that the payments have been made according
o the strict interpretation of the Government

Comptroller's Office Secl File No. 251/43 1460/M

Government, order though as already stated, the limit has been exceeded in a broad sense, in the case of the Mysore Spun Silk Mills, Ltd., unless the Filature Section's working is seperately considered.

65 It may be stated in this connection that no limit with regard to the percentage of profit in relation to the Company's Capital investment appears to have been contemplated in the Government Order of 5-4-1945. The Companies claimed the bonus offered to them after satisfying the only condition that was imposed, namely that the dividend disbursed did not exceed 12½%. The two Companies that earned profit in particular availed themselves of the benefit strictly according to the terms of the Government Order, and interpreted the Government Order as specifically directing them to limit their dividends to 12½%, which they could do by appropriating the balance of profits towards General Reserve, or even the Divi Equalisation Fund (available for future dividends), or carry forward the balance to next year's accounts,

Recd 17/9

68) These Companies were not strictly entitled to any bonus, in view of the profits realised in excess of 12½%. This is the point which should have been noticed by the S.O. before disbursing the bonus & prevents orders should have been obtained

69) Hons 26/9

66) 8/9/45.

COMPTROLLER.

15/9

67) The above note of the Comptroller is submitted for perusal & order with refce to para 52.

Addl Secy) 18/9/45.

ADDITIONAL SECRETARY No. Govt. of Mysore

OFFICE OF THE MINISTER FOR PUBLIC WORKS 26 SEP 1945 No. 2456

71) Ref: Dewan's Minutes at Para 29 & 30 above

Minister PW & Dewan

71) Hons 26/9

72) From the reports of the Controller it is clear that the Mysore Silk Filatures could have declared a higher percentage of dividend had it not been for the fact that by doing so they would be deprived of the benefit of the bonus. In 1942 when they paid an income-tax of Rs. 56,000 they have declared a dividend of 15% plus 4 annas per share on old series, while in 1944 they have managed to declare a dividend of 12½% after reserving apart a sum of Rs. 1,70,000 for income-tax. They have also adopted a new feature this year of reserving apart a sum of Rs. 25,000 towards dividend equilisation fund in addition to a sum of Rs. 53530-2-5 for

for general reserves
under these circumstances
this company is clearly
not entitled to the
bonus distributed.

73) Even the Mysore
Spun Silk Mills Ltd have
declared a dividend
of 10% in addition to
a bonus of 5%. But it is
said that the profits
earned by this company
include the profits made
by the manufacture of
spun silk. The contention
of the company that they
are entitled to bonus if
the profits made by them
by filature operation
only is taken into
consideration requires
further examination.
This is necessary in view
of the observation of the
Comptroller that the
allocation of their total
capital as between the
two sections is not available
from any of the published

accounts of the companies to verify the percentage of profit derived by the working of the filature section only. under these circumstances both the companies have to be called upon to refund the bonus amount that has been unauthorisedly paid to them by the spree officer. Before doing so the Comptroller may be authorised to get the initial accounts of the companies examined by officers of his office to find out the correctness of the profits arrived at and the allocation of profits and capital between the filature section and the spun silk manufacture in the case of the spun silk Mills Ltd.

74) Rs. 8 10/45.

does and)

75) the papers relating to the grant of relief to filatures may be put up

Asst (Secy) does 14/x/76) DMM 12/10

P [illegible] to the Private Filatures on the [illegible]

General and Revenue Secretariat | File No. 645/1468 | of 194

Serial No.

was unable to do because of the profits made in the Spun Silk Section. There were factors which would have influenced Govt to relax the condition limiting the increase to 12½%. It was not for the Special Officer to assume that the Govt would modify the decision and disburse the bonus ignoring one of the conditions laid down in the Govt order. He had to be pulled up for this.

91) But so far as the filatures are concerned
a) the payment made to the Kysore Silk Filatures Ltd was quite in order.
b) the payment to the Spun Silks ~~Ltd~~ Mills Ltd may be regularised in view of the facts stated above. The Management may be advised to [illegible]

OFFICE OF THE ELECTOR FOR [illegible]
No. 8405

Minister for C.W. & I) 92) Secy
with compliments 81746.

93) WP 8/5/46.

94) 5/2 9 Feb. 95) 10/5/Feb

96)

97) Draft letter to the Special officer inputup for approval with ref to orders at para 89, 90, 91 supra.

13/5 98) Typed draft for Consideration
13/5 (13/5) Sub. Rev. Secy) 13/5/46

99) General revised

What about Bank Clearance? 17/5/46

For Disposal at a meeting.

No. C. 400

.....of 1945-46.

GENERAL AND REVENUE SECRETARIAT

COUNCIL MATTER

Subject:—

Re: payment of Bonus to the Filatures.

Circulated to the Council of Ministers.

By Order,

16th November 1945.

Chief Secretary to Government.

17/11/45

Minister for Revenue. 21/11/45

Minister for Agriculture. 26/11

Minister for Education & Public Health.

1/12/45.

Minister for Law. 4/12.

Minister for Public Works. Rs. 20/11/45. please see my minute in paras 2 and 3 of the notes. Rs. 20

CB.

Payment of Bonus to Filatures

General and Revenue Secretariat — Sir File No. 251 of 1943.

Serial No.

Letter No D 2089/46 [illegible] 1946 from the Special Officer, S.F. 25, [illegible] Govt for the payment of a sum of [illegible] to the M.S.S. Mills Ltd, Chaunsaha [illegible] Bonus and Rendittа loss from 15th Jan'45 to the end of June '45.

Encl

100) The letter from the S.O is for perusal and orders.

The private filatures in the state who supply their silk to the Govt of India are entitled [illegible] for the bonus as per orders of Govt Order No. [illegible] 48/ Sir 251-43-4 dated 5.4.1945 from the date they cease to get reimbursed for loss on Rendittа and subject to the condition that the annual dividend distributed by them is limited to 12½%.

101) The M.S.S. Mills Ltd has declared a dividend of 10% and a bonus of 5% to its shareholders for the year 1946 and whether this Co is entitled for any share in the surplus realised in auction sales of silk is [illegible] from payment of bonus to filatures separately along with the diary No 1468/ [illegible] Govt to C.B. on 16.11.45 (Council case). The orders on the main file are awaited

Sub 22/1 Dy 22/1

102) The question relating to the distribution of bonus for the year 1944 is pending before Council. Orders thereon may perhaps be awaited.

Payment of Bonus to the Private Planters. 4693.1

File No. Fin 251 of 1943. | General and Revenue Secretariat

Serial No.

Letter No E800 dated 27.2.46 from the Special officer, S.F.E.S. sending Copy of the Balance sheet of The Nyson Silk Plantations Ltd, T. Narsipur for the half Year ending 30th June 1945 and requesting early orders for the payment of bonus in addition the maximum tolerance of one point towards Unwitta Losses.

(03) The letter from the S.O is for perusal. The payment of Bonus to the filatures for the year 944 is pending before the Council. Orders on the main file may perhaps be awaited

Plean ascertain from C B the present state. The S.O has to close his office soon

1/3/46

Subject

(04) It is ascertained from the C.B that the question of payment of ~~surplus~~ bonus in addition to one point tolerance will be disposed of after the Dewan's arrival from - - - New York.

Letter No E902 dated 26.3.1946 from the Special officer, S.F.E.S sending Copy of the Balance Sheet of the Vellum Paraclute Silk Co. Ltd Goriyanur, as at 30th June 1945 and Requesting early orders of Govt for the payment of bonus

Payment of Bonus to the Filatures

1468.

General and Revenue Secretariat | Fair File No. 25/of 1943. | [App. Form 112

Serial No.

Subd

'K' 77) Earlier papers relating to the grant of Bonus to the Filatures are placed below as per order at para 75 & 76 supra

Subd 30/10

ADR Secy
Dewan)

To 30/10/45

Bonus 31/10/45

To

78) May be considered at a meeting of the Cl

79) Mee 2/11/45

Bonus 2/11

To 2/11

Draft circulation note is put up for appt

Subd 12/11

80) Two typed copies of the note as revised perusal at once

81) To

Subd

82) Fair draft is put up as per orders at para 8

Subd 12/11

83) Dft circulation note (

Rev Secy
Chief Secretary) W/C

To 13

84) Bonus 13

85) Submitted with a circulation Memo.

Sd 16/11/45

86) WD 17/11/45

DEWAN'S OFFICE
1 NOV 1945
NO 2467

ADDITIONAL SECRETARY
No. 7334
Date 31/10
GOVERNMENT OF MYSORE

Serial No.

87) (This subject was discussed in Council today.)

The file is resubmitted for further orders as directed.

88) WCJ

Dewan) 6/5/46

89) After much discussion, the claim of the filatures to share in the benefits of the bonus system – which was supported by the Govt of Ceylon – was conceded. It was not intended that the payment of bonus should be paid only to filatures which had sustained losses or made insufficient profits. The condition that they should not declare dividends exceeding 12½% was to mean that the earnings from bonus & therefore should not be utilised for distribution of abnormal Divs the immediate benefit of the shareholders but that a substantial portion should be set aside for the scheme of future development of the industry. In the case of the Nuwara Eliya Estates Ltd this intention was fulfilled.

90 The Nuwara Eliya Estates Ltd has already declared a dividend of 10% with a bonus of 5%. This the company

Payment of bonus to the private filatures 6122/5690.

General and Revenue Secretariat | File No. Sec 25/ of 1943 | pp. F. III–2

Serial No.

in addition to the maximum tolerance of one point towards Raditta losses payable by the Govt. of India.

Subj. 105) The question relating to the payment of bonus to the private filatures for the year 1944 is pending before the Council. Orders thereon may perhaps be awaited.

Sub
29/3.

Submitted for perusal
Rec Sec) K
29/3/46.

106) Is not the Comptroller to be consulted on this?

Done
31/3/46

Subj.

107) Did Govt bound in passing the Council when the Private Courts be given both one point tolerance & the benefit of bonus it does not appear necessary to consult the Comptr on the balance sheets etc of the Filatures. Subj to confirmation

Rec Sec) K
4/4/46

108) Await Done
5/4/46

D8462 D) 20.5.46.

To,
The Special Officer. S.F.S. Bangalore.

Observing that the Special Officer S.F.S was not in order in having made the payment without previous sanction

ADDITIONAL SECRETARY
No. .....
Date .....
GOVERNMENT OF ...

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Comptroller's Office, Bangalore.

No. 86/Bi

Dated the 29th AUGUST 1945

The Additional Secretary to Govt.,
BANGALORE.

Sir,

Re: PAYMENT OF BONUS TO FILATURES

--:--

With reference to your letter No.D.118/Seri 251-43-9 dated 5-7-45 and D.O. reminder No.D.983/Seri dated 10-8-45 on the above subject, I have the honour to state that the Asst. Comptroller, Bangalore Local Audit Circle who was required to examine the question and submit a report has ascertained the following facts from the Financial Branch of the Silk Controller's Office.

The Bonus paid is calculated on the value of the silk supplied by the Company from ~~xxxxx~~ 1st June 44 to 31st December 44 and rates allowed are those paid to other charka reelers. According to the G.O. dated 5-5-45 companies which do not declare more than 12½% Dividends to their share holders are entitled to the bonus.

The Mysore Silk Filature, Ltd., has a capital of Rs.8,00,000/- and the profit earned during the period was Rs.1,79,131-12-8 and a dividend of only 12½% was declared.

The Mysore Spun Silk Mills Ltd., has a capital of Rs.10,00,000/- an

and the profit earned as allocated by the company between the two sections are:-

Spun Silk Portion	Rs.6,37,726-11-3
Filature Portion	Rs. 7,241-13-0

A dividend of 10% and a bonus of 5% has been declared as payab to their Share holders.

The Vellure Parachute Silk Co., has sustained a loss in workin

It is further ascertained that the amounts referred to in your letter had already been paid by the Silk Controller after verificati of the calculation in the Financial Branch before approval of Govern was sought for by the Silk Controller in his letter No.S.746 dated 2-5-45 and S.806 dated 25-5-45. If required a certificate of verifi cation will be obtained from the Financial Assistant and forwarded t Government.

I have the honour to be,
Sir,
Your most obedient servant,

M Shamanna

CONTROLLER.

9/9/8

ffice of the Special Offic
Filature Expansion Scheme,
Jaya Villas", Vani Vilas Road,
Basavangudi P.O., 1st May 1945.

To

J.B. Mallaradhya, Esq., M.A.,
Additional Secretary to the Government of Mysore,
Bangalore.

Sir,

With reference to Government Order No. D. 6647-48/Seri. 251-43-4 date the 5th April 1944 ordering that the Filatures will also share in the one-thi surplus distributable to reelers, I have the honour to state as follows:-

It is ordered by Government that the filatures are entitled to the sha of the surplus from the date they cease to get renditta losses and subject the condition that the annual dividend declared by them is limited to 12½%. Letter No. D. 6564/Seri. 44-44-17 dated 27/29th March 1945 received from Government states that the Government of India have agreed to reimburse a moiety of losses on account of variation in renditta as estimated at the markets and the actual ones obtained in filatures after reeling cocoons from

Messrs.	Mysore Silk Filatures	Rs. 3,38,036 0 0	July 1943 to 31st May
"	Mysore Spun Silk Mills	1,51,345 8 0	May 1944. The bonus
"	Vellum Parachute Silk Co.	72,329 8 0	paid to private filatu
		5,61,711 0 0	for silk supplied from 1st June 1944 to 31st December 1944 is detailed in the margin.

It is understood that the Government of India have agreed to allow 1 point tolerence regarding renditta variation from 1st June 1944 to 31st Decem 1944 and also up to end of June 1945.

The Mysore Spun Silk Mills,Ltd., Channapatna,have declared a dividend o 10 per cent and a bonus of 5% to shareholders as per their report for the year ended 31st December 1944. The bonus from surplus is paid to them in vie of the fact that they have declared the dividend and bonus long before the receipt of orders of Government and also the dividends declared is less than 12½% though dividend and bonus put together work out to 15%. I request appro of Government for the payment authorised by me to this Company.

The audited balance sheets of the Mysore Silk Filatures,Ltd.,T-Narsipur and Messrs. Vellum Parachute Silk Co.,Ltd.,Goribidnur have not yet been received though called for. Payments to these two filatures have, however, been authorised by me subject to the condition that the dividend declared by them should not exceed 12½% and the Companies have been intimated accordingly. I request approval of Government to the procedure adopted by me.

The Government Silk Filature at Kankanhalli is also supplying silk to th Government of India and the cost of running the factory is debited to Governm of India funds. The renditta loss in this filature is not being separately paid or recouped to the filature. I consider that Kankanhalli Filature need not be paid "bonus" as it is Government Filature. This may be kindly approved

D 7418 Secl 251-43-7

G. R. S. App. F. G. 3.

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Draft.

To

The S.O., F.E.S.,

Sir,

Sub: Payment of bonus to filatures.

I am directed to invite referen to G.O.No.D.6647-48/251-43-4 dated the 5th April 1945 permitting the filatures to a share from the surplus from the date they cease to get reimbursed for loss on renditta ~~and~~ x subject to the condition that ~~subject to the condition~~, and to the annual dividend distribut ~~state that~~ payment of one-third surpl by them is limited in every ~~distributable to reelers may be~~ case to 12½%. ~~withheld to such of the filatures as have declared a dividend of more than 12½%~~. I am further to add that payments due by this Govt. to the filatures on account of re-imbursemen of losses on renditta for the period from 1st June 1943 to end of May 1944 may be met out of the surplus realise in auction sales during the period February 1944 and May 1944.

I have &c.,

Additional Secy. to Govt.

Copy to Comptroller for information.

and to request you to furnish a report of action taken in the matter of distributing the surplus to filatures. Copies of the balance sheets of the working of filatures for the half year ending Dec 44 may be sent along with your remarks thereon.

I am to add that the direction of Govt contained in the G.O. referred to above should be kept in view for strict ~~future~~ observance.

I have etc

D 7419

3/5/45 Addl Secy copy to Comptroller for info

WD 0280—GPB—22,500—14-3-38

Telegrams: "FILEX"
Telephone: 2256.

Seri 251 43-8. 7276

GOVERNMENT OF MYSORE.

DEPARTMENT OF SERICULTURE.

Mr. K. SHAMSUDDIN KHAN, B.A.,
Special Officer.

OFFICE OF THE SPECIAL OFFICER,
SILK FILATURE EXPANSION SCHEME IN MYSORE,
"JAYA VILAS" VANI VILAS ROAD.

Basavangudi P. O., dated 18th May 1945.

806 Ecl 25/5/45

To

J. B. Mallaradhya, Esq., M.A.,
Additional Secretary to Government,
BANGALORE.

Sir,

With reference to your letter No.D.7418/Seri. 251-43-7 dated the 8th May 1945, I have the honour to invite your kind reference to this office letter No. E.746 dated the 2nd May 1945 in the matter and to state as follows:

The Mysore Spun Silk Mills, Ltd., Channapatna had declared a dividend of 10% before Government Orders were issued. Besides they have declared a dividend of 10% only; but they have paid a bonus of 5% also. This dividend is declared with reference to profit earned by the Company in respect of all their transactions, including the manufacture of spun silk and not merely in respect of silk reeled in the basins erected under the agreement with the Government of India. Payment has already been authorised by me under the circumstances explained to Government in my letter of 2nd May 1945 and I request approval of Government in the matter.

Copies of letter No.1819 dated 11th May 1945 received from M/s.The Mysore Silk Filatures, Ltd., and letter dated 14th May 1945 received from M/s. Vellum Parachute Silk Co. Ltd., in this connection

P.T.O

7276.

are enclosed for reference. They [illegible] furnished copies of their Balance Sheets. They will be obtained and sent to Government separately. In the meanwhile the payments of bonus already authorised by me to these companies may kindly be approved.

I have the honour to be,
Sir,
Your most obedient servant,

V. Sham

yns) Special Officer.

if this may not be taken up after its receipt main.
31/5 The file is sent to the Minister
Asst - Encl Sec.
Sent for perusal.
Addl Sec'y

To
4/6/45

4/6

To
7/6

Copy of letter No. 1891 dated 11th May 45 from the Managing Agents, M/s.The Mysore Silk Filatures, Ltd., T.Narasipur to the Special Officer, Filature Expansion Scheme.

We acknowledge with thanks the receipt of your letter No.A.1187 of the 2nd instant and note that we should not declare a dividend of more than 12½% and that the bonus paid to us has been given on the said condition.

Regarding our Balance Sheet for the half years 30-6-44 and 31-12-44 as already intimated by us our Auditors are preparing a consilidated Balance Sheet for the year 1944 and as soon as it is ready we shall send a copy of the same to you.

In future, we shall be sending you half-yearly Balance Sheets.

Thanking you.

---

2. Copy of letter dated 14th May 1945 from the President, M/s.Vellum Parachute Silk Co. Ltd., Goribidnur to the Special Officer, Filature Expansion Scheme.

With reference to your letter No.A.1189 dated 2-5-45 we have to inform you that we have paid no dividends at all to our share-

rofits but have only incurred heavy losses
ue to failure of Cocoon Control and several
ther circumstances for which the Government
s solely responsible.

Please acknowledge receipt of this
etter.

Special Officer,
Filature Expansion Scheme.

D 118. Seri 251-43-9

T.

Immediate. The Comptroller to Govt
Bangalore.

Sir, Subject: Payment of bonus to filatu

I am directed to invite
reference to Govt. No. D 6649-48/Seri 251-4
dated the 5th April 1945 on the ab
subject, and to request you to be s
good as to ~~make~~ furnish a repo
after a detailed examination of
(a) whether the amount of bonus
payable to the three companies
from 1st June 1944 to 31-12-1944
has been correctly calculated accord
as shown in the margin has
to the Govt order mentioned above
and (b) what
~~was~~ is the percentage profit
(gross/nett) made
by M/s. J. Nehru & Co. from the
working of the filature, as
distinguished from the manufac
of spun silk

The matter may be treated

GOVERNMENT OF MYSORE.

DEPARTMENT OF SERICULTURE.

Mr. K. SHAMSUDDIN KHAN, B.A.,
Special Officer.

E. 1012 / 28/6/45 / Encl: Six Bal-sheets

OFFICE OF THE SPECIAL OFFICER,
SILK FILATURE EXPANSION SCHEME IN MYSO
"JAYA VILAS" VANI VILAS ROAD,
Basavangudi P. O., dated 20th June 19

To

The Additional Secretary to the
Government of Mysore,
BANGALOR

Sir,

Subject: Payment of Bonus to Filatures.

In continuation of this office letter No. E. 806 the 25th May 1945, I have the honour to forward herewith c of the Balance Sheets received from M/s. Vellum Parachute Ltd., Goribdinur and M/s. The Mysore Silk Filatures, Ltd., pur, as on 31st December 1944.

2. From the Balance Sheet of M/s. The Mysore Silk F it is seen that they have earned a net profit of Rs.1,79,1 i.e., nearly 22-3/8 per cent of the Issued and Paid-up Cap of Rs.8,00,000/-. They have stated in their letter No.18 11th May 1945 and No.2318 dated 13th June 1945 that they w declare a dividend of more than 12½% and that the Balance S how furnished is provisional, subject to the approval of t Directors and the General Body. They are therefore entit the bonus as per G.O.No.D.6647-48/Seri.251-43-4 dated 5-4-

3. As regards M/s. Vellum Parachute Silk Co. Ltd., (they have incurred a loss and the payment of bonus to that is in order.

I have the honour to be,
Sir,
Your most obedient servant,

Special Officer,
Filature Expansion Scheme.

VALUR PARACHUTE SILK COMPANY LIMITED

Balance Sheet as at 31st December 194[illegible]

CAPITAL AND LIABILITIES.

Capital

Authorised

1000 shares of Rs.1000/- each — 10,00,000 0 0

Issued and subscribed

1000 shares of Rs. 1000/-each — 10,00,000 0 0

Called up

300 shares of Rs.1000/- fully paid for cash. — 3,00,000 0 0

700 shares of Rs. 1000/- each Rs.100/- called up and paid for cash. — 70,000 0 0

——————— 370000 0 0

Loans:

From Government of Mysore (secured on the assets of the Company)

Towards capital expenditure.	4,29,237 3 0	
Interest unpaid	11,037 0 0	
Towards working capital	4,92,800 0 0	
Interest unpaid.	8,109 4 0	
	9,41,183 7 0	
From Bankers. (Secured onbook debts)	1,25,645 14 8	1066829 5 8

PROPERTY AND ASSETS.

Fixed capital expenditure.

Free hold land at cost

As per balance sheet as at 31st December 1943	42,120 3 3	
Additions during the year	1,419 4 0	
		43539 7 3

Buildings at cost

As per balance sheet as at 31st December 1943	3,77,597 12 1	
Additions during the year	21813 3 4	
		399411 1 5

Plant and machinery at cost

As per balance sheet as at 31st December 1943	2,61,124 2 1	
Additions during the year	1,56,873 15 5	
		417998 1 6

Re-reeling machinery at cost

Additions during the year		60000 0 0

Furniture and fittings at cost

As per balance sheet as at 31st December 1943	27,624 2 0	
Additions during the year	5,057 3 0	
		32681 5 0
		953629 15 2

Preliminary expenses — 1400 0 0

Shares and securities.

Liabilities.

For goods supplied	19,558 4 6		
For expenses	13,374 7 11		
For other expenses Finance	631 7 10		
Due to President and Governing Director for purchases and expenses.	73,355 3 10		
		106919	8 1
Grant received from Government of Mysore for training.		58075	0 0

Stock in trade at or under cost as certified by the President. 20376 12 6

Book debts.

Cash sales 319189 6 9

Advances

Considered good	6,476 8 0		
Considered doubtful	631 7 6	7107	12 6

Prepaid expenses and deposits 1342 4 0

Cash and other balances.

With Bankers on current account.	[illegible]		
Cash and stamps in hand.	[illegible]	[illegible]	

Appendix F. G.—1]

SUBJECT..... Payment of bonus to filatures.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretrriat

( )

the 194 .

Date of issue..... 9/7

Signed by..... M. S. Bhatia

(desired)

List of enclosures.....

Copied by.....

Examined by.....

Confidential

Section Seri

File No. 251-43

Serial No. 10

No. D 235

To The S.O. (by name)

Deathi,

In continuation of this office letter No. D 7418/Seri 251-43-7 dated the 8th May 45 and with ref: to your letter No. E806 dated the 25th May 45, I am directed to state that you were fort observe that ~~the So. was~~ not justified in making such large payments when there was room for doubt as to whether the requisite condi had been fulfilled, and that you ought to ~~it was his plain duty to~~ have reported the matter to fort for decision. I am also to add that

in future, payments should
not be made except on
pre audited bills.

I am to request you
kindly to forward a progress
report
reading regarding the
payment of bonus amount
due to reapers and reelers. ~~for submission to Govt.~~

The matter may be
treated as immediate.

~~Yours sincerely~~

~~Rawte~~

(Addl: Secy to Govt) 7/7/

6/7.

Confidential.

Dear Sir,

Subject:- Payment of Bonus to Filatures.

In continuation of this office letter No.D.7418/Seri. 251-43-7 dated the 8th May 1945 and with reference to your letter No.E.806 dated the 25th May 1945, I am directed to state that Government observe that you were not justified in making such large payments when there was room for doubt as to whether the requisite conditions had been fulfilled, and that you ought to have reported the matter to Government for decision. I am also to add that in future, payments should not be made except on preaudited bills.

I am to request you to forward a progress report regarding the payment of bonus amount due to rearers and reelers.

The matter may be treated as immediate.

Yours Sincerely,
Sd. J.N. Mallandhaya.

K. Shamsuddin Khan, Esq., B.A.,
Special Officer,
Silk Filature Expansion Scheme,
Bangalore.

Jsk.

Seri 251-43-#13 652

C.S.P.S.M/45-46. Office of the Silk Controller in Mysore,
162, Vanivilas Road, Basavanagudi P.O.
Bangalore, Dated, the 23rd July, 1945.

J. B. Mallaradhya, Esq., M. A.,
Additional Secretary to Government,
B A N G A L O R E.

Adverting to G. O. No. D. 7518-19 Seri. 23-43/12 dated 4-5-45 sanctioning the establishment required for the issue of cheques, relating to distribution of bonus to rearers and reelers, and para 2 of your confidential D.O. letter No. D. 235/Seri. 25 dated 9th July 1945, I have the honour to report as follows :-

1) 4 Superintendents who were posted by Comptroller joined duty on the dates noted below:-

1. Mr. A. L. Narayana Rao. 8-5-45.
2. " Manjundappa. 8-5-45.
3. " Rajagopala Iyengar. 18-5-45.
4. " Sreenivasachar. 28-5-45.

The cheques relating to payment of bonus towards silk received to end of December 1944 have been issued as indicated below:-

Sl.No.	Distribution.	Period.	No of rearers.	Amount of bonus. Rs. as.	No. of reelers.	Amoun bon Rs.
1.	Ist	Silk received from October 43 to 16-11-43	16,546	203374- 2	747	203574-
2.	IInd.	16211-43 to 28-2-44.	13,433	513986- 5	1399	484336-
3.	IIIRd.	1- 3-44 to 30-6-44.	20,002	692790- 0	1052	634200-
4.	LVth.	1- 7-44 to 30-9-44.	21,770	879744- 0	-	844211-
5.	V th.	1-10-44 to 31-12-44	27,490 Under distribu - tion.	798944- 0	1338	269242-

As regards the V distribution cheques relating to the 48 markets ha been drawn and they are being checked and signed. They will be issued before the end of the current month. The statement of amounts relating to the VI Distribution (i.e., for silk received from 1-1-45 to 30-3-45) have been prepared and cheques are being drawn. They will be signed and issue before the end of August 1945. The cheques relating to the Quarter ended 30th June 1945 (i.e., VII Distribution) have to be issued before the

before the close of September 1945 which will also be arranged for. The existing staff of 5 Superintendents and 50 temporary hands will be continued to end of September 1945. The position will be again reviewed in September 1945 and the establishment required after 30th September 1945 will be reported to Government for approval.

It willbe noticed from the figures noted above, that, whereas the number of rearers, was only 16½ thousand and 13½ thousand respectively during the first two distribution periods, it increased to 20,002; 21770; and 27,490 in the sub - sequent periods thus thereby increasing the work nearly two fold. The amounts for which National Savings Certificates had to be obtained according to G.O. No. D. 6647-48.Seri. 251-43-4 of 5-4-45 had to be ascertained and noted in the - connected statements which also further increased the work. The statements once prepared by the temporary hands had to be duly verified by the Superin - tendents before the cheques could be drawn and errors noticed got rectified. Many of the temporary hands left service when the college reopened in July 1945 and fresh recruits had to be engaged and trained.

In this connection, I wish to mention that all the staff engaged in the work are working vigourously and enthusiastically and arranging to complete the work within the shortest possible time.

I have the honour to be
Sir,
Your most obedient Servant,

K Shamu

SILK CONTROLLER.

DSR.2.

Minister PWD

for perusal

25/7/45

L.A. 18/45.

OFFICE OF THE MINISTER FOR PUBLIC WORKS
30 JULY 1945
No. 885

Dft

D983

9/01/18

To,

The Comptroller to Govt. (By hand)
Bangalore.

Dear Sir

Sub: Payment of Bonus to the Filatures.

I am desired to invite Refce to this office letter No D118/Seri 251-43-9 D) 5.7.45 on the above subject and to request you to be so good as to furnish a report very early

Letter dated 18th March 1946 from the President Messrs. Vellum Parachute Silk Co. Ltd., Goribidnur to the Special Officer, Silk Filature Expansion Scheme in Mysore, Bangalore.

With reference to your letter No.E.856 dated 8-3-'46 we quote below a resolution passed at a meeting of the Board of Directors of Vellum Parachute Silk Co., Ltd., held on 15-3-1946:-

> "The Board do hereby place on record that in view of the losses of the company as revealed by the duly audited and certified Balance Sheet as at 31-12-'43, 30-6-'44, 31-12-'44 and 30-6-'45, it has not been possible to declare any dividend at all to the Share-holders from the inception of the company upto now."

The Government of Mysore have paid us the bonus on our silk supplies upto 31-12-'44. As no dividend has been paid to the Share-holders of the company in the subsequent periods also, we are entitled to get the bonus on the silk supplied made by us to the Government during the period January '46 upto 31st August '45, the date of termination of the Government contract. Kindly arrange to pay the amount due to us at an early date.

"Copy"

Special Officer,
Silk Filature Expansion Scheme.

Telegrams : "FILEX"
Telephone : 2256.

GOVERNMENT OF MYSORE.

DEPARTMENT OF SERICULTURE.

Mr. K. Shamsuddin Khan, B.A.,
[redacted]
Special Officer.

OFFICE OF THE SPECIAL OFFICER,
SILK FILATURE EXPANSION SCHEME IN MYSOR
[redacted] VANI VILAS ROAD,

D2089/45-46 Encls: Three

Basavangudi P. O, dated. 16th Jan. *194*

To

J. B. Mallaradhya Esq., M.A.,
Secretary to the Government of Mysore,
Revenue Department, Bangs

Sir,

Subject: Regarding Payment of Bonus to Filatures.

With reference to correspondence ending with your letter No.D.632/Seri.251-43-12 dated the 25th July 1945 ordering that bonus may be paid to Filatures after obtaining their yearly Balance Sheet strictly in accordance with the order of Government in the matter, I have the honour to forward herewith copies of letter Nos. 353/F/BA. dated 2nd June 1945 and 641/45-6 dated 26/27th September 1945 and a Balance Sheet and Director's Report for the half year ending 30th June 1945 received from Messrs. The Mysore Spun Silk Mills, Ltd., Channapatna and to state as follows:

As pointed out by Messrs. The Mysore Spun Silk Mills Limited Channapatna, the Filature Section forms but a small adjunct to the Factory making only a comparatively insignificant contribution to the profits of the company or distribution of dividend to the shareholders. The company has declared a dividend of 5% and a bonus of 1¼% making in all 6¼% for the half year ending 30th June 1945. I have addressed the Company to send a copy of the resolution of the shareholders regarding declaration of dividend for this period. The company's official year was originally from 1st ~~July~~ January to 31st December and it has been changed to 1st July to 30th June (vide copy of the letter No.641 dated 2-9-1945 enclosed and also Directors' Report). The profit earned during the half year is Rs.5,63,018-14-6 out of which a sum of --- Rs.4,15,000/- has been reserved for payment of Income-Tax and

Super Tax; Rs.75,000/- adjusted towards Reserve and Rs.62,[illegible] only is proposed to be distributed as dividend and bonus, leav a balance of Rs.10,518-14-6.

I have addressed Government in my letter No.E.636 dated 8th January 1946 requesting approval for payment of bonus to the Filatures in addition to the maximum tolerance of one poi towards renditta losses payable by the Government of India.

Bonus is now payable to this Filature for the periods noted below:-

1. For the period from 1st Jan. '45 to 31st March '45.	Rs.20,248-8-0
2. For the period from 1st April '45 to 30th June 1945.	Rs. 7,232-1-0
TOTAL	Rs.27,480-9-0

I request approval of Governmeht to pay this amount to the company in addition to renditta losses referred to above on the basis of the half-yearly account now furnished to end of June 1945. According to Government Order No.D.6647-48/ Seri.251-43-4 dated 5th April 1945, the filatures are entitled to share in the surplus, from the date they cease to get re-imbursed for loss on renditta and subject to the condition tha the annual dividend distributed by them is limited to 12½%.

I have the honour to be,

Sir,

Your most obedient servant,

Special Officer.

py of letter No.641/45-6 dated 26th/27th September 1945 from the Secretary, The Mysore Spun Silk Mills, Ltd., Channapatna to the Special Officer, Silk Filature Expansion Scheme, Bangalore.

We are in receipt of your letter No.G1.1025/20-9-1945 dated the 17th September 1945 regarding the bonus due to us on the value of sil supplied to Government of India from 1st January 1945 to 30th June 19. In this connection, we beg to invite your kind reference to our lette No.353/F/BA dated the 22nd June 1945 (copy enclosed for ready referen wherein we have pointed out that the Government Order of the 5th Apri 1945 could not have been intended to be applicable to a Company like ours wherein almost the entire profits are earned by the Spun Silk Factory and the dividend is paid entirely therefrom, and the Filature Section forms but a small adjunct to it and making only a comparativel insignificant contribution to the profits of the Company and practical ly none whatever to the dividend paid to the Shareholders. However, in deference to the wishes of the Government the Board of Directors have declared to pay for the half year ending June 1945 a dividend of only 8 annas per share and a bonus of 2 annas per share making a total of 10 annas per share, which works out at only 12½% per annum, our accounts having been closed for the above mentioned period, as the Company's year which had been previously identical with the calendar year (i.e., January to December) has been recently changed so as to correspond with the Government's Official year (i.e., from July to June). A copy of the Balance Sheet and of the Directors' Report for the half year which has been passed at the meeting of the Board of Directors held on 13th instant and which will be placed for approval before the General Body at the meeting thereof proposed to be convened on the 27th October 1945 is herewith sent for your perusal. As, unde the Articles of Association of this Company, the General Body of Share holders have no powers to declare a higher dividend than that recom mended by the Directors, the Government may be assured that a higher dividend than 12½% (including bonus) will not be paid for the period from January to June 1945, referred to above. In the circumstances, we request you to be so good as to have the amount of bonus due to us upto 30-6-1945 disbursed to us early and in the meanwhile to kindly intimate to us the actual amount that may be due to us on this account.

Thanking you.

---

2. Copy of letter No.353/F/BA dated 22nd June 1945 from the Secretary The Mysore Spun Silk Mills, Ltd., Channapatna to the Special Officer, Silk Filature Expansion Scheme in Mysore, Bangalore.

We are in receipt of your letter No.nil dated 1st May 1945 re: declaration of a dividend of more than 12½% by this Company.

We enclose for your perusal 2 copies of the Directors' Report and Balance Sheet of our Company for the year ended 31st December 1944. Kind reference is invited to the portion marked in blue pencil, on page 17 thereof, from which it will be seen that out of the total net profit of Rs.6,44,968/- earned by the Company during the year 1944, only a paltry sum of Rs.7,241/- was contributed by the Filature Section of the Company and the balance of Rs.6,37,727/- was all earned by the Spun Silk Section. The bonus of Rs.1,51,345/- which was paid to us by you

n accordance with G.O.No.D.6647-48/Seri.251-43-4 dated the 5th Apr
.945 has not been included in the above mentioned profit, as it was
eceived after the accounts for the year were closed and the Balance
heet and Directors' Report for the year were passed at the Board Meet
ng held on 20th March 1945, prior to the date of the G.O. and when it
eceipt could not be even anticipated. The amount will, in the circu
stances, be brought on the accounts of the current year.

2. With regard to the suggestion made in your letter under reply,
ated 1st May 1945, not to declare a dividend of more than 12½%, we be
to represent, in the first place, that the Directors' Report recommend
ing the payment of a dividend of 10% and a bonus of 5% making a total
15% for the year 1944 had been issued to the Shareholders prior to the
Receipt of the G.O. of the 5th April and that the declaration of the
dividend as recommended by the Directors had been made before the re-
ceipt of your letter under reply. Secondly, we wish to submit that
G.O. of 5-4-45 placing a maximum limit of 12½% to the dividends payab
to their shareholders by Filatures to whom bonus is paid under the or
was evidently meant to apply to Filature Companies, pure and simple,
and to dividends paid out of the profits earned by the Filatures and
that it could not have been intended to be applied to the circumstance
of our Company wherein the Filature forms only a small adjunct to the
Spun Silk Section, and in which the major portion of the profits is
earned by the latter and the dividend is paid entirely or almost made
towards it by the Filature Section. Thirdly, even if the Government
decide that the maximum limit of dividend prescribed in their order o
5th April 1945 should be made applicable to our Company, whether any
contribution is made or not by the Filature towards the payment of th
dividend, we beg to submit that it can have application only for the
year in which bonus is received by us and brought on the accounts of
Company, and that it cannot be applied to a previous year in respect
which the accounts had already been closed, the balance sheet passed
and the rate of dividend payable to the shareholders determined prior
to the date of the Government Order.

3. In the above circumstances, we beg to state that the dividend
payable by the Company for the current year will be restricted to 12½
if it is desired by Government that the order of 5th April 1945 shou
be made applicable to this Company also, irrespective of the contribu
tion made by its Filature towards the payment of the dividend and eve
if the whole amount of the dividend is paid from the profits earned
the Spun Silk Section alone without any contribution being made there
by the Filature.

Special Officer,
Silk Filature Expansion Scheme in Mysore.

4693
9&c.

GOVERNMENT OF MYSORE.

DEPARTMENT OF SERICULTURE.

Mr. K. SHAMSUDDIN KHAN, B.A.,
Silk Controller.

OFFICE OF THE SILK CONTROLLER
IN MYSORE,
XXXXXX VANI VILAS ROAD,
Basavangudi P. O., dated ...4th...Feb 1946.

IMMEDIATE.

To

J. B. Mallaradhya, Esq., M.A.,
Secretary to the Government of Mysore,
Revenue Department, BANGALORE.

Sir,

Subject: Regarding payment of bonus to Filatures.

I have the honour to invite your kind reference to this office letter No.E.746 dated 2nd May 1945 and E.806 dated 25th May 1945 requesting approval of Government for the payment of bonus to Filatures for the period from 1st June 1944 to 31st December 1944 and to my subsequent letter No.E.1012 dated 20th June 1945 and E.9 dated 12th June 1945 forwarding copy of the Balance Sheet as on 31st December 1944 received from Messrs. The Mysore Silk Filature Ltd., T'Narasipur and Vellum Parachute Silk Co. Ltd., Goribidnur respectively. I have also addressed Government in letter No.E.6 dated 8th January 1946 requesting approval to pay the filatures both bonus and amount sanctioned towards one point tolerance in respect of renditta losses. Orders of Government are also solic ed on my letter No.1967 dated 3rd/4th Januaryn1946 regarding the rates to be adopted for payment for silk received after 16th Augu 1945. I request immediate orders of Government on the reference noted above as I am unable to proceed with the work of the VIII Distribution of bonus relating to silk received during the period from 1st July 1945 upto end of September 1945, and as the staff sanctioned by Government for this work has to be disbanded after completing the work before the end of March 1946.

I have the honour to be,
Sir,
Your most obedient servant,

Silk Controller.

GOVERNMENT OF MYSORE.

DEPARTMENT OF SERICULTURE.

D 122
Sec.

Mr. K. SHAMSUDDIN KHAN, B.A.,
Silk Controller. &
Special Officer,
1k Filature Expansion Sch

OFFICE OF THE SILK CONTROLLER
IN MYSORE,
[redacted]VANI VILAS ROAD,
Basavangudi P. O., dated 19th Feb. 19
27

800/Genl 3.To

J. B. Mallaradhya, Esq., M.A.,
Secretary to the Government of Mysore,
Revenue Department,
BANGALORE.

Sir,

Subject: Regarding payment of bonus to Filatures

In continuation of this office letter No.B.2089/45-46 18th January 1946 forwarding the Balance Sheet and Director Report of the Mysore Spun Silk Mills Ltd., Channapatna for half year ending 30th June 1945, I have the honour to forwa herewith a copy of the Balance Sheet and Profit & Loss Acc of the Mysore Silk Filatures Ltd., T'Narasipur for the same half year and also a copy of the Resolution No.5 passed in the meeting of the Board of Directors of the Mysore Silk Filatures, Ltd. on 31st December 1945, received from the Mysore Silk Filatures, Ltd., declaring a dividend of 6¼% for the half year and to state as follows:-

The declaration of dividend is in accordance with the orders of Government in G.O.No.D.6647-8/Seri.251-43-4 dated 5th April '45 But I may bring to the notice of Government that the gross profit earned by the Company during the half year is Rs.2,52,077-8-8. The Company has reserved a sum of Rs.2,10,000/- towards Income-tax, Super-tax and compulsory deposit and the net profit of Rs.58,858-6-3 has been arrived at after taking credit for a bonus of Rs.141091-8- in respect of silk sold from 1.1.1945 to 31.3.1945. If this bonus is not paid, the Company may have to pay a smaller amount of income-tax and may still make a profit for declaring a dividend of 6¼% for the half year.

Bonus is now payable to this Filature for the periods noted overleaf:-

to 31.3.1945		Rs.1,41,091-8-0
from 1.4.1945 to 30.6.1945		Rs. 59,166-9-0
Total		Rs.2,00,258-1-0

I have addressed Government in my letter No.E.636 dated 8th January 1946 requesting approval for the payment of bonus to the Filatures in addition to the maximum tolerance of one point towards renditta lossed payable by the Government of India and request early orders thereon.

I have the honour to be,

Sir,

Your most obedient servant,

Special Officer (I/C).

y of resolution No.5 passed in the Meeting of the Board of Directors of the Mysore Silk Filatures, Ltd., on 31st December 1945.

---

5. DECLARATION OF INTERIM DIVIDEND.

RESOLVED that an interim dividend of 6¼% free of income-tax on the face value of the shares be declared immediately and that a sum of Rupees 50,000/- be appropriated from out of the net profits for the purpose, and that this interim dividend be paid to all shareholders whose names are registered in the books of the Company as members as on 15.1.1946.

"COPY"

C.N. Krishnamurthy
for Special Officer,
Silk Filature Expansion Scheme.

THE MYSORE SILK FILATURES LIMITED, T'NARASIPUR.

BALANCE SHEET AS AT 30TH JUNE 1945.

CAPITAL & LIABILITIES	Rs.	Rs.
AUTHORISED CAPITAL:		
1,00,000 Shares of Rs.10/- each.	10,00,000- 0- 0	
ISSUED CAPITAL:		
80,000 Shares of Rs.10/	8,00,000- 0- 0	
SUBSCRIBED & PAID-UP CAPITAL:		
80,000 Shares of Rs.10/ each fully paid-up(All for payment in cash).		8,00,000- 0- 0
GENERAL RESERVE		3,00,000- 0- 0
DIVIDEND EQUALISATION FUND		25,000- 0- 0
RESERVE FOR BAD & DOUBTFUL DEBTS		1,628-10- 0
LOANS: (Secured on the Assets of the Company)		
From Govt. of Mysore	75,000- 0- 0	
Under Expansion Scheme	4,18,143- 0- 0	
		4,93,143- 0- 0
DIVIDENDS PAYABLE FOR 1944		1,00,000- 0- 0
UNCLAIMED DIVIDENDS		2,356- 2- 0
STAFF PROVIDENT FUND (Invested per contra)		11,642- 5- 1
STAFF SECURITY DEPOSIT (Invested per contra)		6,520- 0- 0
TENDER DEPOSITS		10,590- 0- 0

PROPERTY & ASSETS.	Rs.	Rs.
FIXED CAPITAL EXPENDITURE:		
LANDS (At cost)		
As per last Balance Sheet	18,730-10- 2	
Additions during half year	3,684-10- 0	
		22,415- 4- 2
BUILDINGS (At cost)		
As per last Balance Sheet	7,13,708-14- 6	
Additions during half year	82,831- 6-00	
	7,96,540- 4- 6	
Advanced to contractors against works completed	1,33,327- 6- 1	
	9,29,867-10- 7	
LESS depreciation to date	43,723- 0- 0	
		8,86,144-10- 7
PLANT & MACHINERY (At cost)		
As per last Balance Sheet	3,76,420- 7- 7	
Additions during half year	10,473-10- 0	
	3,86,894- 1- 7	
Advances for purchases	15,500- 5- 0	
	4,02,394- 6- 7	
LESS depreciation todate	58,550- 0- 0	
		3,43,844- 6- 7
WATER SUPPLY & PIPE LINES (At cost)		
As per last Balance Sheet	13,825-10- 5	
LESS depreciation to-date	3,240- 0- 0	
		10,585-10- 5
FURNITURE & FIXTURES (At cost)		
As per last Balance Sheet	30,091- 4- 6	
Additions during half year	17,498- 1- 6	
	47,589- 6- 0	
Advances to contractors	19,512- 8-00	
	67,101-14- 0	
LESS depreciation todate	8,070- 0- 0	
		59,031-14- 0
MOTOR CARS & LORRIES (At cost)		
As per last Balance Sheet	55,993-12- 0	
Additions during half year	870- 0- 0	

VISION FOR TAXATION & OMPULSORY DEPOSITS:						
or 1943 and 1944 as per last Balance Sheet	2,90,000- 0- 0					
DD provision made this half year	2,10,000- 0- 0					
		5,00,000- 0- 0				
BILITIES:						
or goods supplied and building constructions	65,380-15- 7					
" Expenses	1,58,806- 9- 8					
" Undisbursed commission due to Managing Agents for 1944	50,380-11- 6					
" Provision for commission accruing to the Managing Agents for the half year ended 30.6.1945.	39,607-15- 0					
" Other finance	43,897- 2- 7					
		3,58,073- 6- 4				
FIT & LOSS ACCOUNT:						
Balance as per last Balance Sheet	1,84,959-11-11					
LESS Appropriations to						
Dividend for 1944: 1,00,000-0-0						
General Reserve 53,272-10-0						
Dividend Equalisation Fund 25,000-0-0						
	1,78,272-10- 0					
	6,687- 1-11					
ADD Net Profit for the half year brought forward from Profit & Loss Account annexed.	58,858- 6- 3					
		65,545- 8- 2				
			LESS depreciation todate	26,460- 0- 0		
					30,403-12- 0	
						13,52,425- 9- 9
			LIVE STOCK			790- 0- 0
			STORES AND SPARE PARTS (Including machinery and building materials - at cost)			80,236- 1-10
			STOCK IN TRADE (At cost or under) As per inventories certified by the Managing Agents:			
			Raw Materials	2,17,842-12- 0		
			Finished Goods	4,92,790-12- 0		
					7,10,633- 8- 0	
			BOOK DEBTS (unsecured)			
			Considered good (including Rs.1,41,091-8-0 due from the Government of Mysore on silk sales from 1.1.45 to 31.3.1945)	3,12,614- 4- 9		
			Considered doubtful (fully provided per contra)	1,169- 0- 5		
					3,13,783- 5- 2	
			ADVANCES:			
			For [illegible] cluding machinery and building materials	34,449- 6- 8		
			" Borewell, power & Light and other deposits	10,215-12- 0		
			" Employees' Co-operative Stores	18,858- 4- 4		
			" Sundries	14,226-10- 7		
					77,750	
			INVESTMENTS:			
			Staff Security Deposit in Fixed Deposit with the Bank of Mysore Ltd., Mysore.	6,520- 0- 0		
			Employees' Provident Fund in Savings Bank Account with the Taluk Treasury, Tarikasipur.	9,087- 3- 5		

(conti

INVESTMENTS:(Continued)			
FIXED DEPOSIT with the M.S.F.E. Co-operative Stores Limited, T'Narasipur.		1,000- 0- 0	
40 Shares of Rs.5/- each in the Aided Graineurs' and Rearers' Co-operative Society Ltd., T'Narasipur.		200- 0- 0	
			16,807- 3- 5
CASH & BANK BALANCES:			
Cash at Head Office		19,446-15-10	
Imprests with Factories and Officers		42,080-12-10	
Cash at Bankers on current account (including Rs. 2,555-1-8 held for Staff Provident Fund pending investiment)		60,545- 5- 2	
			1,22,073- 1-10
TOTAL	Rs. 26,74,498-15- 7	TOTAL	Rs. 26,74,498-15- 7

PROFIT & LOSS ACCOUNT FOR THE HALF YEAR ENDING 30TH JUNE 1945.

	Rs.		Rs.
To Office Establishment charges	9,974-12- 1	By Gross Profit on Trading	2,52,077- 8- 8
" Managing Agents' allowances	4,800- 0- 0		
" Industrial Adviser's Honorarium&Allowances	4,200- 0- 0	" Bonus due from Government of Mysore on silk sales from 1.1.45 to 31.3.1945.	1,41,091- 8- 0
" Travelling Expenses of Managing Agents & Industrial Adviser	1,678-15- 0		
" Director's sitting fees and Travelling	240- 2- 6	" Miscellaneous Receipts	169- 7- 0
" Interest on loans and Overdrafts	8,908-13- 7		
" Contribution to Staff Provident Fund	2,171-14- 0	" Share Transfer Fees	152- 8- 0
" Car maintenance	2,660- 7- 6		
" Advertisement	1,187- 1- 8		
" General Charges(including stationery, audit fees, Bank charges, etc.)	12,959- 7- 1		
" Fire Indurance	3,952- 1- 0		
" Provision for commission due to Managing Agents.	39,607-15- 0		

n for taxation and compulsory					
s for the half year		2,10,000- 0- 0			
it for the half year carried to Sheet.		58,858- 6- 3			
Total	Rs.	3,93,490-15- 8	Total	Rs.	3,93,490-15- 8

Auditors' Report to the Shareholders of
The Mysore Silk Filatures, Ltd., T'N'Pur.

ve audited the Balance Sheet of the Mysore Silk Filatures,
t 30th June 1945 and the Profit and Loss Account for the
ended that date, and beg to report that;
have obtained all the information and the explanations
required by us;
our opinion, the Balance Sheet and Profit & Loss Account
are drawn up in conformity with the Law;
ch Balance Sheet exhibits a true and correct view of the
state of affairs of the Company according to the best of
our information and the explanations given to us and as
shown by the Books of the Company and the returns from
the Factories;
our opinion, books of account have been kept by the
Company as required by Law.

/- B.K.Ramadhyani & Co.

legistered Accountants.

Sd/- S. R. Mandre.

Incorporated Accountant.
(London)

For Messrs. Naik & Co.

Sd/- G. Krishnaswamy.

MANAGING AGENTS.

Sd/-. N. RAMA RAO.

CHAIRMAN.

Sd/- A.R.Narasimhaswamy.

ACCOUNTANT.

DIRECTORS.

"C O P Y"

for Special Officer,
Silk Filature Expansion Scheme in Mysore,
Bangalore.

Sen 251-43.

5690
922

Office of the Special Officer,
Silk Filature Expansion Scheme in Mysore,
"Jaya Vilas", Vani Vilas Road,
Basavangudi P.O., 26th March 1946.

No. 902/F
Encls. two.

To

The Secretary to the Government of Mysore,
Revenue Department,
BANGALORE.

Sir,

In continuation of this office letter No.E.800/Encls. dated 27th February 1946 forwarding the Balance Sheet and Direct Report of Messrs. The Mysore Silk Filatures Ltd., T'Narasipur, I have the honour to forward herewith a copy of the Balance Sheet at 30th June 1945 of Messrs. Vellum Parachute Silk Co. Ltd., Gor idnur and to state as follows:

The company has made a profit of Rs.32,641-4-2 for the half-year ended 30th June 1945 and this has been set off against previous years' losses. As the company has not declared any dividend (vide copy of their letter dated 18-3-1946 - enclosed), they may be paid bonus as noted below:-

1. For the period from 1-1-1945 to 31-3-1945.	Rs.10,722-0-0
2. For the period from 1-4-1945 to 30-6-1945.	Rs. 4,253-1-0
	Rs.14,975-1-0

I have addressed Government in my letter No.A.636 dated 7th January 1946 requesting approval for the payment of bonus to filatures in addition to the maximum tolerance of one point towards enditta losses payable by the Government of India and request early orders on this letter and for the payment of bonus noted above.

I have the honour to be,
Sir,
Your most obedient servant,

V. Sham

Special Officer.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

central

No. D 8145 -/Sec 251-43-16 **General and Revenue Secretariat,**

Dated Bangalore, ...20th May.....*19* 46

FROM

The Secretary to the Government of
His Highness the Maharaja of Mysore.
Revenue Department, Bangalore.

To

The Special Officer,
Silk Filature Expansion Scheme,
Bangalore.

SIR,

Subject:- Payment of Bonus to private Filatures in the State.

With reference to the correspondence ending with your letter No.991 dated the 1st May, 1946, on the subject, I am directe to state that the claim of the filatures to **share** in the benefits c the bonus system, a claim which was supported by the Government of India, is no doubt conceded. When the claim so conceded, it was not intended that the payment of bonus should be made only to fila- tures which had sustained losses or made insufficient profits. Th condition that the filatures should not declare dividends exceeding 12½% was to ensure that the earnings from bonus otherwise should nc be utilised for the immediate benefit of the share-holders but x th a substantial portion should be set aside for the stabilisation anc further development of the Silk Industry.

In the case of the Mysore Filatures, Ltd., this intentic is fulfilled and the payment of bonus already made by you is approv

The Mysore Spun Silk Mills Ltd., had already declared a dividend of 10% with a bonus of 5%. This the company was enabled to do because of the profits made in the Spun Silk Section. In v of this fact, the Government might have considered the relaxation c the conditions limiting the dividend to 12½%; but it was not for to have assumed that the Government would modify the decision and disburse the bonus ignoring one of the conditions laid down in the G.O. dated the 5th April, 1945. Government observe that you were not in order in having made the payment without previous sanction.

I am to add in conclusion as follows:-

1) The payment made to Mysore Silk Filatures is in order;

2) the payment made to the Spun Silk Mills Ltd., is also ratified in view of the facts stated above.

Points of doubts, if any, may be referred to Government and orders obtained thereto.

I have the honour to be,
Sir,
Your most obedient servant,

20/5/46

Jsk. for Revenue Secretary to Government.

J. 8462/ y 20-5-46.

To

The Special Officer,
S.F.E. Scheme, BANGALORE.

Sir,

Sub:- Payment of Bonus to private Filatures in the State.

With reference to the correspondence ending with your letter No.991 dated the 1st May 1946, on the subject, I am directed to state that the claim of the filatures to share in the benefits of the bonus system, a claim which was suported by the Govt. of India, is no doubt conceded. When the claim was conceded, it was not intended that the payment of bonus should be made only to filatures which had sustained losses or made insufficient profits. The condition that the filatures should not declare dividends exceeding 12½% was to ensure that the earnings from bonus should otherwise not be utilised for the immediate benefit of the share-holders but that a substantial portion should be set aside for the stabilisation and further development of the Silk Industry.

Flag 'H' in the linked file.

In the case of the Mysore Filatures, Ltd., this intention is fulfilled in the payment of bonus already made by you as approved.

The Mysore Spun Silk Mills Ltd., had already declared a dividend of 10% with a bonus of 5%. This the company was enabled to do because of the profits

p.t.o.

ade in the Spun Silk Section. In view
f this fact, the Government might have
~~exceeded~~ Considered the relaxation of the conditions
imiting the dividend to 12½%; but it was
ot for you to have assumed that the Govt.
ould modify the decision and disburse the
onus ignoring one of the conditions laid
own in the G.O. Dated 5-4-1945. Govern-
ent ~~are constrained to say~~ observe that you were
ot in order in having made the payment. which pres

I am to add in conclusion as follows:-

1) The payment made to Mysore Silk Filatures ~~was quite~~ is in order;
2) the payment made to the Spun Silk Mills Ltd., is also ratified in view of the facts stated above.

~~I am to request to go ahead with the~~ For a quick accords sanction
ayment of bonus to the filatures as already
rdered in the Government Order of 5-4-1945
nd on the lines of the ~~idea~~ of Government
ndicated above. Points ~~that are still in~~ of doubt if any
~~oubt~~ may ~~kindly~~ be referred to Government
~~for orders.~~ & orders obtained thereto

s)

(12) to 87

Subject. -

Re payment of Bonus to the Filature

.....

OPINION OF THE COUNCIL.

On points other than those mentioned above, the Government of India accept the decisions incorporated in the Mysore Government record note under reply.

I am etc

sd/ B. Bonthalingam

Dy. Secretary to the Govt of India (Supply)

Copy

For Revenue Secretary

Copy of letter C.37/T.A.62(171) dated the 17th October 1945, from the Deputy Secretary to the Government of India, Supply Department, Delhi, to the Additional Secretary to Government, Bangalore.

Subject: Discussion at the Silk Conference held in Bangalore on August 21st and 22nd, 1945 and the Mysore Government's Record Note thereof.

I am directed to refer to your D.O.letter No.D.1291(3) Seri.216- dated the 24th August 1945, and your telegram of 1st October 1945. It regretted there has been delay in reply.

2. Regarding item 4 at paragraph 4 of the conference the Mysore Government had confirmed that they would bear half the actual loss on renditta, incurred by the Filatures upto the end of May 1944, but in the record note, this point has not been stated clearly, and I have to request that it may be confirmed. The Government of India are agreeable on a reconciliation of the question of subsequent losses, to bear the losses on renditta from the end of May 1944 upto the termination of the contract on 31st August 1945 upto a maximum of one.

3. As regards item 7 in your record note, namely "Bonus amount to be paid by Government of India on cocoons supplied to Kollegal Filature" no representation in the matter has yet been received from the Mysore Government, and the Government of India, therfore, reserve their decision on their claim that the Mysore Government should contribute towards the losses accruing to the Kollegal and Hankanhalli Filatures on account of the bad yield from the cocoons purchased by them from Mysore. It is suggested, without prejudice to the Government of India's claim that these claims and counter claims might be both dropped to conclude outstanding issues. Meanwhile, relevant information is being asked from Madras.

4. Regarding item 6 where the Mysore Government claim the difference between the contract rates and the sale rates of Mysore silk, for civilian production, the matter, as agreed at the conference, was explained to His Majesty's Government, and it is regretted that they are unable to agree to the Mysore Government's claim for reasons explained at the conference.